

# CONSOLIDATED ACTIVITY REPORT

For the third quarter  
of 2024



**TCHAIKAPHARMA**  
**HIGH QUALITY MEDICINES**

TCHAIKAPHARMA HIGH QUALITY MEDICINES INC.

19.11.2024

## **General information about Tchaikapharma High Quality Medicines Inc.-Group**

### **1. Economic activity**

The entered in the Commercial Register activity of the Company is: purchase of substances and formulations for the production and sale of pharmaceuticals in finished or processed form, (after Marketing Authorisation); primary and secondary packaging of formulations (after Marketing Authorisation); import, export, re-export and merchandising in original or processed form; barter transactions and commissions; commercial representation of foreign and domestic individuals and legal entities at home and abroad; industrial and commercial management; consulting, marketing, brokerage, leasing, licensing, entrepreneurship, transport and shipping, research and development activities.

Currently the main scope of activity of the Company can be summarized as follows:

- Production
- Packaging (primary and secondary)
- Marketing and promotion of medicines
- Research and Development

Tchaikapharma High Quality Medicines Inc. continuously maintains its production facilities in accordance with the contemporary European requirements for Good Manufacturing Practice in the production of medicines. At present, more than 150 medicinal products are produced in the company's factories. The premises and the equipment of the factories are executed in full compliance with the European requirements for the production of medicines and for the plant in Varna – also for sterile medicinal products.

### **2. Foundation date and duration in time**

The Company was founded and entered in the Commercial Registry by Decision from 14.03.2000 on the company case 1096/2000 of the Varna District Court as a joint stock company. The duration of the Company is not limited in time.

"Tchaikapharma High Quality Medicines" Inc. is a public company according to the Public Offering of Securities Act of 21.05.2015.

### **3. Controlled companies**

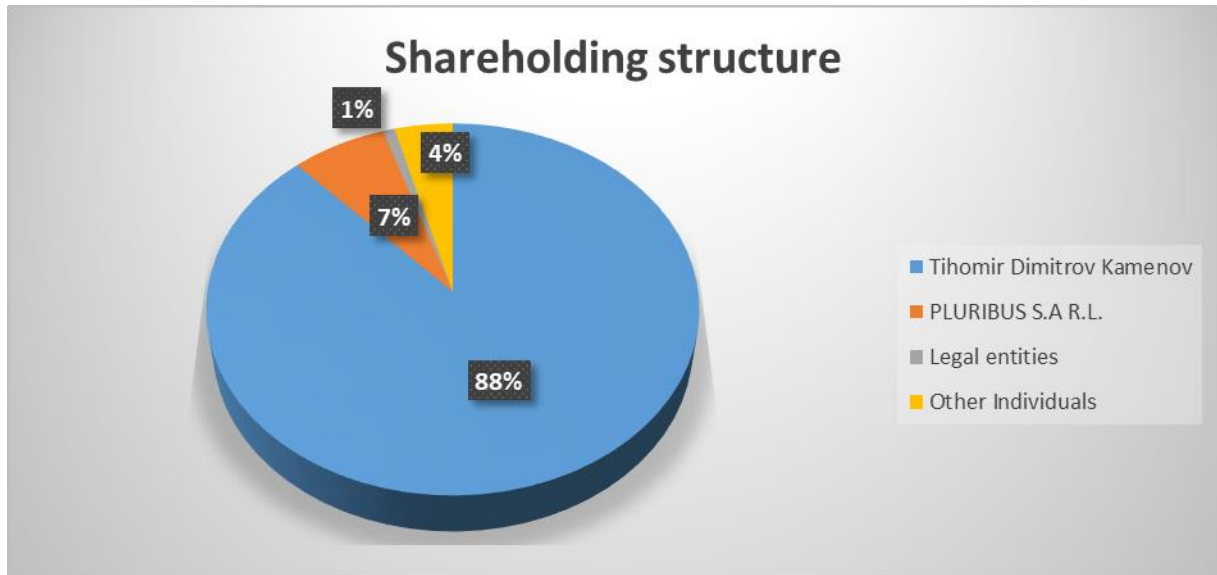
As of 30.09.2024 it has one wholly-owned subsidiary: SWYSSI S.R.L. registered in the Republic of Romania and on 21.02.2024 registered a second subsidiary, PERPETEL EAD.

### **4. Board of Directors**

Tchaikapharma High Quality Medicines Inc. has a one-tier management system with a Board of Directors of three members. The management of the parent company in the person of the Board of Directors as of 30.09.2024 is composed of:

Biser Rosenov Georgiev	Chairman
Sylvia Slavcheva Patrikova	Member
Radka Alexandrova Tsenova	Member

## 5. Shareholding structure 30.09.2024.



## 6. Employees

As of 30.09.2024, the average number of employees in Tchaikapharma High Quality Medicines Inc. Group is 204 people, who are entirely in the parent company.

## II. Development of the activity

### Investments

#### Major investments in the third quarter of 2024.

Overview of the investments in fixed assets by type and year is presented in the following table.

<b>Investments for the period</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Tchaikapharma High Quality Medicines Inc.</b>			
I. Fixed tangible assets	4,630	964	658
1. Land and buildings			158
2. Property and equipment	4,596	957	355
3. Other fixed assets	34	7	145
II. Fixed intangible assets	375	417	86
1. Industrial property rights	307	417	47
2. Software	49		39
3. Patents and licenses	19		
<b>Total amount of acquisition of fixed tangible and intangible assets</b>	<b>5,005</b>	<b>1,381</b>	<b>744</b>

### Major investments in progress

In the third quarter of 2024, the groupe invested in the purchase of a machine for visual control of each vial in order to optimize the production process and faster release of the finished product. It is also to be installed in the plant in Varna, where mainly vials are produced.

### KEY FINANCIAL INDICATORS

<b>Indicators</b>	<b>01-09/2024</b>	<b>01-09/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Sales revenue	40,414	39,076
Earnings before interest, taxes and depreciation (EBITDA)	7,086	7,343
Net profit	4,344	4,404
	<b>01-09/2024</b>	<b>01-12/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current assets	43,010	41,621
Current assets	82,221	80,878
Equity	125,231	122,499
Non-current liabilities	1,945	2,189
Current liabilities	13,941	15,309

	01-09/2024	01-09/2023
EBITDA/Sales revenue	18%	19%
Net profit/Sales revenue	11%	11%

## Review of the risk factors

- The Company's activities could be affected by any change in the regulatory requirements for the production of pharmaceutical products.
- Changes to the legislation regulating the Company's business are possible, and these can potentially increase the costs of compliance or have another effect on its operations.
- The production processes of the Company are subject to stringent requirements and approvals by regulatory authorities which may delay or interrupt the operations of the Company.
- The ability of the Company to pay dividends depends on a number of factors and there is no guarantee that in a year it will be able to pay dividends in accordance with its dividend policy.
- The Company is exposed to operational risk, which is inherent in its business activities.
- The Company is subject to multitude laws and regulations in the field of environmental protection and health and safety conditions and is exposed to potential liabilities related to the environment.
- The Company is exposed to strong competition.
- The Company operates in active exchange with foreign suppliers and customers. It is therefore exposed to currency risk, mainly against the US dollar. Currency risk is related to the adverse movement in the exchange rate of the US dollar against the Bulgarian lev in future business operations, recognized foreign currency assets and liabilities. The rest of the company's operations are usually denominated in Bulgarian lev and/or in euros.

## Sales by types of dosage forms

Revenue by dosage forms	01-09/2024 BGN '000	01-09/2023 BGN '000
Tablets	32,527	33,759
Ampules	1,124	531
Vials	6,648	4,760
<b>Total:</b>	<b>40,299</b>	<b>39,050</b>

Revenue by therapeutic groups	01-09/2024 BGN '000	01-09/2023 BGN '000
Cardiovascular system	27,276	27,984
Musculoskeletal system and connective tissue	54	52
Respiratory system and antibiotics	4,357	2,943
Nervous system	526	1,456
Endocrine system	2,914	2,477

Other products	3,337	2,119
Digestive system and metabolism	1,575	1,762
Oncology	259	258
<b>Total:</b>	<b>40,299</b>	<b>39,050</b>
<b>Changes in the inventories of products and work in progress</b>	<b>(318)</b>	<b>509</b>

<b>Other operating income</b>	<b>01-09/2024</b>	<b>01-09/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Income from rent	50	21
Other income	193	39
<b>Total:</b>	<b>243</b>	<b>60</b>

<b>Financial income</b>	<b>01-09/2024</b>	<b>01-09/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Income from interest		
Income from exchange rate differences	40	46
Other financial income	54	30
<b>Total:</b>	<b>94</b>	<b>76</b>

## Core activity expenses

<b>Operating expenses</b>	<b>01-09/2024</b>	<b>01-09/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Book value of sold products	1,953	775
Materials	9,500	8,971
External services	15,212	15,951
Salaries	5,594	4,005
Social security costs	1,070	768
Depreciation costs	1,877	2,198
Other	434	775
<b>Total:</b>	<b>35,640</b>	<b>33,443</b>

<b>Cost of materials</b>	<b>01-09/2024</b>	<b>01-09/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Basic material	8,471	7,901
Electricity	583	624
Fuels and lubricants	100	61
Spare parts and laboratory materials	135	128
Water	17	16
Other materials	194	241

<b>Total:</b>	<b>9,500</b>	<b>8,971</b>
---------------	--------------	--------------

<b>Costs of external services</b>	<b>01-09/2024</b>	<b>01-09/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>

Security	474	474
Insurance	22	17
Telephone and postage expenses	23	23
Equipment maintenance and subscription	177	147
Fees	290	253
Transport costs	32	54
Other costs for external services	14,194	14,983
<b>Total:</b>	<b>15,212</b>	<b>15,951</b>

<b>Financial expenses</b>	<b>01-09/2024</b>	<b>01-09/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>

Interest expenses	445	391
Expenses from exchange rate differences	85	70
Other financial expenses	20	19
<b>Total:</b>	<b>550</b>	<b>480</b>

## Assets

	<b>01-09/2024</b>	<b>01-12/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>

### Non-current assets

Property, plant and equipment	34,465	33,083
Intangible assets	3,567	3,560
Trade receivables	4,978	4,978
<b>Total non-current assets</b>	<b>43,010</b>	<b>41,621</b>

### Current assets

Inventories	15,2980	14,303
Trade and other receivables	66,749	66,490
Current corporate income tax	-	12
Cash and cash equivalents	174	73
<b>Total current assets</b>	<b>82,221</b>	<b>80,878</b>

<b>Total Assets</b>	<b>125,231</b>	<b>122,499</b>
---------------------	----------------	----------------

	<b>01-09/2024</b>	<b>01-12/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>

### Property, plant and equipment

Land and buildings	23,463	23,954
Machinery and equipment	8,485	9,045
Other	8	13
In the process of acquisition	2,509	71

	<b>34,465</b>	<b>33,083</b>
<b>Inventories</b>	<b>01-09/2024</b>	<b>01-12/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Materials	14,715	13,103
Production	219	423
Goods	364	777
<b>Total:</b>	<b>15,298</b>	<b>14,303</b>

### Equity and liabilities

	<b>01-09/2024</b>	<b>01-12/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>
Registered capital	91,800	84,500
Statutory reserve	13,147	12,800
Undistributed profit	4,398	7,701
<b>Total Equity</b>	<b>109,345</b>	<b>105,001</b>

### Liabilities

	<b>01-09/2024</b>	<b>01-12/2023</b>
	<i>BGN '000</i>	<i>BGN '000</i>
<b>Non-current liabilities</b>		
Long-term loans	659	879
Deferred tax liabilities	1,113	1,113
Liabilities to employees on retirement	173	197
<b>Total non-current liabilities</b>	<b>1,945</b>	<b>2,189</b>
<b>Current liabilities</b>		
Trade and other liabilities	3,456	4,768
Short term loans	9,783	9,791
Current part of long-term loans	282	507
Other tax liabilities	420	243
<b>Total current liabilities</b>	<b>13,941</b>	<b>15,309</b>
<b>Total liabilities</b>	<b>15,886</b>	<b>17,498</b>
<b>Total equity and liabilities</b>	<b>125,231</b>	<b>122,499</b>

### Financial indicators

	<b>01-09/2024</b>	<b>01-09/2023</b>
Leverage ratio	0.15	0.17
Financial autonomy ratio	6.88	6.00



## Information on the shares of Tchaikapharma High Quality Medicines Inc.-Group

The total amount of shares issued as of 30.09.2024 was 91 800 000 with a nominal value of BGN 1 per share. All issued shares are registered, dematerialized, ordinary and indivisible under the Statute of the Company. All issued shares are of the same type. Each share gives equal rights to its owner in proportion to the nominal value of the share. The shares of Tchaikapharma High Quality Medicines Inc. are traded on the official market of the Bulgarian Stock Exchange-Sofia.

## Essential information on the shares of Tchaikapharma High Quality Medicines Inc.-Group

	<b>1-09/2024</b>	<b>1-12/2023</b>
Total number of issued shares	91,800,000	84,500,000
Number of shares in circulation at end of period	91,800,000	84,500,000
Price per share at the end of the period in BGN	17.30	17.00
Market capitalization at the end of the period in BGN	1,588,140,000	1,436,500,000

Biser Georgiev

/Executive Director/

